GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5020
ANSWERED ON:31.03.2017
Cooperative Societies
Chavan Shri Ashok Shankarrao;Gaikwad Dr. Sunil Baliram;Gupta Shri Sudheer;Kirtikar Shri Gajanan Chandrakant;Mahato Shri Bidyut Baran;Radhakrishnan Shri T.;S.R. Shri Vijay Kumar;Singh Shri Kunwar Haribansh

Will the Minister of FINANCE be pleased to state:

(a) the number of cooperative societies which are registered under the Registrar Cooperative Societies, New Delhi, category-wise;

(b) the number of cooperative societies in which timely audit and election is being conducted, category-wise;

(c) whether under provision of Section 269 SS of Income Tax Act, 1961, the thrift and credit societies are not liable to give loan and accept deposit Rs. 20000 or more in cash;

(d) if so, whether banking companies, post offices, saving banks and cooperative banks are exempted under above section; and

(e) if so, the details thereof and the reasons for the same along with the corrective measures taken/being taken by the Government to streamline the disparity in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): Co-operative Societies is a State Subject under entry 32 of the State List of Seventh Schedule of the Constitution of India. Therefore, the information/data relating to cooperative societies registered under the Registrar Cooperative Societies, New Delhi is not available with the Central Government. However, Reserve Bank of India has reported that 16 co-operative societies which are registered with the Registrar of Cooperative Societies, New Delhi has been granted license for carrying out banking activities in New Delhi.
(c): As per section 269SS of the Income-tax Act, 1961 (the Act), no person (other than the exempted person) shall take and accept any loan or deposit or any specified sum, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, if, such amount is twenty thousand rupees or more. As no exemption has been provided to the thrift and credit societies, they are not permitted to take or accept any loan or deposit or any specified sum by the mode other than the mode specified under section 269SS, if such amount is twenty thousand rupees or more.
(d): The provisions of section 269SS do not apply to certain categories of persons (which are specified in the section). Such persons to whom provisions of Section 269SS do not apply include banking company; post office savings bank and co-operative bank.
(e): Before insertion of section 269SS in the Act, the unaccounted cash found in the course of search and seizure were often explained as representing loans/deposits taken from various persons. With a view to counter such malpractices, vide Finance Act, 1984, section 269SS was inserted in the Act to debar taking or acceptance of the loan or deposit exceeding a specified amount otherwise than by an account payee cheque or account payee bank draft. However, exemption from this restriction has been provided to certain category of persons/entities including banking company, cooperative bank, post office saving bank in view of the fact that these entities are regulated and there is little possibility of these entities providing accommodation entries to the taxpayers for explaining unaccounted cash.